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SUBJECT: NEW INDIAN URANIUM PROJECT JEOPARDIZED BY ENVIRONMENTAL OPPOSITION

¶11. (U) SUMMARY: As part of a larger plan to meet the growing demand for nuclear fuel, the Government of India is planning a uranium mining project in Kadapa district, Andhra Pradesh. This project is part of an overall planned expansion of the nuclear sector in Andhra Pradesh. Despite India's desire to expand its nuclear capacity, local opposition based on environmental concerns could stall the project in Kadapa, as it did another such project in Andhra Pradesh.
END SUMMARY. _

ANDHRA PRADESH: PLANS FOR AN EXPANDING NUCLEAR INDUSTRY

¶12. (U) The Uranium Corporation of India Limited (UCIL), a Government of India undertaking within the Department of Atomic Energy (DAE), mines uranium ore to produce U308 (a form of uranium oxide specifically known as triuranium octaoxide). U308 is a component of yellowcake, which can be further processed for use in fuel rods for nuclear reactors. In order to meet India's growing demand for U308, UCIL is planning a new project to exploit deposits in several states, including the Tumalapalle deposit near Kadapa, Andhra Pradesh. The project (both underground mining and processing) will have an estimated cost of \$224 million. It will cover 879 hectares spread over five villages. UCIL expects the project to yield 45.48 million tons of reserve ore (averaging 0.039 percent U308 content). The estimated lifespan of the project is 30 years and it will employ over 1,000 local hires.

¶13. (U) Mr. N.M. Bahl, UCIL's Deputy General Manager, told post that the current project is one of the several steps towards ultimately using thorium to meet India's rising energy demands. The ore processing plant is planned to be set up close to the mine to extract the uranium from the uranium ore. The plant will process 900,000 tons per year to produce 256 tons of sodium diuranate yellowcake, which will be dispatched to the Nuclear Fuel Complex in Hyderabad for further processing.

¶14. (SBU) A journalist source said that Andhra Pradesh is becoming increasingly important to the Indian nuclear industry. He added that in addition to the Tumalapalle mining project, the government is considering two other nuclear projects in the state: an expansion of the Bhabha Atomic Research Center in Visakhapatnam and a new power plant on the coast near Srikakulam.

CHIEF MINISTER WEATHERS THE ENVIRONMENTAL BACKLASH

¶15. (U) Since his election in 2004, Andhra Pradesh Chief Minister YSR Reddy has weathered local protests from activists opposed to the project. Police pushed back over 100 protesters when they tried to prevent a public hearing on uranium mining in Kadapa district in September 2006. The protesters turned violent, pelting the police

with stones when the authorities tried to stop them from storming the public hearing arranged by UCIL. The hearing ultimately took place, going on for five hours with over 500 villagers present. The environmental community was not satisfied. A non-governmental organization known as Mines, Minerals And People stated, "a public hearing based on irrelevant pronouncements is a mere formality and cannot be construed as obtaining people's consent in a democratic manner."

16. (SBU) According to J. Rama Rao of the Movement Against Mining Project (MAUP), the Environmental Impact Assessment Report did not comply with the law because the baseline data measurement was based on tests conducted in the winter. Rao argued that the law requires testing in all seasons. UCIL refuted the claim, saying that the environmental impact assessment had been prepared in accordance with the prevailing guidelines of the Ministry of Environment and Forests (MOEF), which permit testing in only one season (other than the monsoon). (NOTE: The environmental impact assessment process in India is infamous for its lack of transparency, as is the Ministry of Environment's prioritization of development over environmental protection. Public input is not accepted until after the government has decided to move forward. This is based on the assertion that the Ministry will represent what is best for the people. As a result, the positions taken by various stakeholders in this process have become extremely polarised, with the government and industries on one side, and the NGOs and local communities on the other. END NOTE.)

17. (U) Movement Against Mining Project alleged that the mining and processing of the ore would adversely affect over 10,000 people by contaminating air, soil, and water. UCIL official Bahl said that group's allegation was untrue and that the community's health would not be affected. Bahl also said that a delegation of villagers led by a local parliamentarian visited a UCIL uranium project in Jharkhand and were satisfied with the quality of life and health of

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the local community living adjacent to mining and processing operations which had been ongoing for more than 30 years.

18. (U) Protesters claim that UCIL moved the project to Kadapa after it failed to secure clearance in Nalgonda, Andhra Pradesh. The Nalgonda project was approved by the government of India but was put to a halt by public interest litigation filed by an environmental group. Despite the central government's clearance, the project has been stalled for more than three years with the case now in an appellate court.

19. (SBU) COMMENT: If Andhra Pradesh is to expand its role in India's nuclear energy industry, it will need to deal with environmental opposition to new projects. UCIL claims that the public hearing was a success and that local villagers support the project. They now await clearance from the central government. But the experience in Nalgonda shows that, even with the approvals in place, litigious environmental activists can halt a project. Given the opposition to the Kadapa project, the prospects for commencing operations in the near future are not bright, shedding light on the need for nuclear fuel imports that has helped drive the nuclear deal with the United States. END COMMENT

110. This message has been coordinated with Embassy New Delhi.

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